

Assembly Bill No. 1024

CHAPTER 401

An act to add Sections 11629.86, 11629.87, and 11629.88 to the Insurance Code, and to amend Section 4000.38 of the Vehicle Code, relating to insurance.

[Approved by Governor October 2, 2011. Filed with
Secretary of State October 2, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1024, Hueso. Insurance: low-cost automobile insurance: sales.

(1) Existing law establishes within the California Automobile Assigned Risk Plan a low-cost automobile insurance program in order to provide a means for eligible consumers to buy automobile insurance, as specified.

This bill would authorize a California Automobile Assigned Risk Plan (plan) certified producer to accept and process an application to purchase low-cost automobile insurance policies through an Internet Web site, as provided. The bill would require the plan to coordinate with the Department of Insurance in order to develop a system for receiving and assigning policies issued through Internet Web sites, and would provide that the plan may request, and the department may include in its plan submitted to the Legislature the use of \$50,000 from the department's existing consumer outreach fund for the sole purpose of implementing these provisions.

The bill would require the plan, subject to the approval of the Insurance Commissioner, to establish and maintain, or contract with an entity, by way of an open bidding process, to establish and maintain, an Internet Web site to refer or assign, at the consumer's option, persons to certified agents or brokers, for the purchase of a low-cost automobile insurance policy. The bill would also provide that the plan may request and the department may include in its plan submitted to the Legislature, that up to \$100,000 from the department's existing consumer outreach fund be made available for development of the Primary California Low-Cost Auto Web Site.

This bill would prohibit a low-cost automobile insurance policy applicant from being required to provide a copy of his or her, or other household member's, driver's license, if the department finds another suitable means of verifying the driver's licensure.

(2) Existing law requires the Department of Motor Vehicles to suspend, cancel, or revoke the registration of a vehicle if the financial responsibility requirements have not been met. Existing law requires the department, prior to suspending, canceling, or revoking the registration of a vehicle, to notify the vehicle owner of its intent to suspend, cancel, or revoke the registration, and to provide in the notification document in plain, boldface type not less than 12 point in size, and in both English and Spanish, a statement that a

program offering affordable automobile insurance to low-income households has been established.

This bill would revise this statement and rename the program as “California Low-Cost Auto Insurance” and would require that the statement include an Internet Web site address, a toll-free telephone number, and eligibility requirements for applicants.

The people of the State of California do enact as follows:

SECTION 1. Section 11629.86 is added to the Insurance Code, to read:

11629.86. (a) A California Automobile Assigned Risk Plan certified producer may accept and process an application to purchase a low-cost automobile insurance policy under this program through an Internet Web site, in accordance with this section and regulations adopted by the Department of Insurance pursuant to this section.

(b) Any producer seeking certification to accept and process low-cost automobile insurance policy applications through an Internet Web site shall notify the California Automobile Assigned Risk Plan of its intentions to do so prior to accepting any applications to the program, and the producer’s Internet Web site shall comply with the rules established by subdivision (c) of Section 11629.87.

(c) Prior to accepting payment and upon transmitting any information from the consumer, the producer’s Internet Web site shall include a clear explanation of whether the consumer will be afforded insurance coverage upon payment and, if not, when the consumer will receive coverage and how he or she will receive notice of coverage.

(d) A producer accepting and processing applications through an Internet Web site shall be entitled to the same commission available to a producer selling a low-cost automobile insurance policy by any other means acceptable under the law.

(e) Any producer accepting and processing applications through an Internet Web site is subject to the laws and rules governing this program and is liable for any errors and omissions related to the transaction of insurance to the same extent as a producer selling a low-cost automobile insurance policy by any other means acceptable under the law.

(f) Any consumer information required by this article may be accepted by electronic means after the Department of Insurance adopts regulations implementing this section and only if the information is submitted in accordance with those regulations.

(g) The California Automobile Assigned Risk Plan shall coordinate with the Department of Insurance in order to develop a system for receiving and assigning policies issued through Internet Web sites.

(h) The California Automobile Assigned Risk Plan may request, and the Department of Insurance may include in its plan submitted pursuant to Section 11629.85, up to fifty thousand dollars (\$50,000) from the

department's existing consumer outreach fund to be used for the sole purpose of implementing this section.

SEC. 2. Section 11629.87 is added to the Insurance Code, to read:

11629.87. (a) Subject to the approval of the commissioner, the California Automobile Assigned Risk Plan shall establish and maintain, or contract with an entity to establish and maintain, an Internet Web site that shall provide members of the public with an option for either of the following:

(1) Referral to a list of certified agents or brokers with an office in the same geographic area as the consumer who may be contacted to purchase a low-cost automobile insurance policy. This list shall contain the name, address, telephone number, and, if available, the e-mail address and Internet Web site of those agents or brokers.

(2) Assignment to a randomly selected certified agent or broker in the same geographic area as the consumer who can be accessed online to process and accept an application to purchase a low-cost automobile insurance policy. The assigned agent or broker shall be subject to the conditions specified in Section 11629.86.

(b) The plan may, with the approval of the Department of Insurance, authorize the use, for a designated period of time, of the department-owned Internet Web site domain name <http://www.mylowcostauto.com>, or any other relevant domain names controlled by the Department of Insurance, for the purposes of this section and Section 11629.86.

(c) The plan shall ensure that the Internet Web site does all of the following:

(1) Provides all disclosures and other information required by law that would otherwise be provided by a producer.

(2) Effectively educates consumers about the eligibility requirements, the benefits, and the limits of the low-cost automobile insurance policy.

(3) Describes or establishes a process to collect any documents that are necessary for determining qualification for the policy.

(4) Establishes a process to electronically certify the information provided by the consumer.

(5) Maintains safeguards to ensure that consumer information transmitted through that Internet Web site is secure.

(6) Provides the physical address of the producer and the telephone number and e-mail of the producer.

(7) Provides the contact information for the Consumer Services Division of the Department of Insurance.

(8) Adheres to any other rules and regulations adopted by the Department of Insurance to promote the purposes of this section and Section 11629.86.

(9) Notifies the consumer that if he or she does not qualify for the low-cost automobile insurance policy that other policies may be available from producers or insurers. Directs the consumer to the Department of Insurance's auto insurance premium comparison Internet Web page.

(d) The Internet Web site shall not be made available to the public until the commissioner has made a determination that it adequately provides all

of the necessary information a consumer would need in order to apply to purchase the policy.

(e) The Internet Web site shall be constructed to authorize the plan-certified producer to forward the application, supporting documents, and the applicant's certification to the plan.

(f) The Internet Web site shall accept payment by credit or debit card or other form of electronic payment the Department of Insurance determines to be appropriate. It shall also provide a mechanism for payment by check.

(g) The Internet Web site shall be made available in English and Spanish and in as many additional languages as feasible. The English and Spanish language sites shall be made available to the public as soon as possible, irrespective of whether other versions are finalized.

(h) Notwithstanding any provision of Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code, if the plan chooses to contract with an entity to establish and maintain the Internet Web site, the plan shall solicit and consider the contract via an open, competitive bid process; however, it shall not issue a request for proposals until the Department of Insurance has approved the request. The contract period shall not extend more than three years. Twelve months before the expiration of the contract, the plan shall determine whether to renew the contract or solicit bids for a new contract.

(i) The plan may request, and the Department of Insurance may include in its plan submitted pursuant to Section 11629.85, that up to one hundred thousand dollars (\$100,000) from the department's existing consumer outreach fund be made available for the development of the Internet Web Site.

SEC. 3. Section 11629.88 is added to the Insurance Code, to read:

11629.88. An applicant shall not be required to provide a copy of the applicant's or other household member's driver's license, if the Department of Insurance finds that there is another suitable means of verifying the driver's licensure.

SEC. 4. Section 4000.38 of the Vehicle Code is amended to read:

4000.38. (a) The department shall suspend, cancel, or revoke the registration of a vehicle when it determines that any of the following circumstances has occurred:

(1) The registration was obtained by providing false evidence of financial responsibility to the department.

(2) Upon notification by an insurance company that the required coverage has been canceled and a sufficient period of time has elapsed since the cancellation notification, as determined by the department, for replacement coverage to be processed and received by the department.

(3) Evidence of financial responsibility has not been submitted to the department within 30 days of the issuance of a registration certificate for the original registration or transfer of registration of a vehicle.

(b) (1) Prior to suspending, canceling, or revoking the registration of a vehicle, the department shall notify the vehicle owner of its intent to suspend, cancel, or revoke the registration, and shall provide the vehicle owner a

reasonable time, not less than 45 days in cases under paragraph (2) of subdivision (a), to provide evidence of financial responsibility or to establish that the vehicle is not being operated.

(2) For the low-cost automobile insurance program established under Section 11629.7 of the Insurance Code, the department shall provide residents with information on the notification document, in plain, boldface type not less than 12 point in size, and in both English and Spanish, stating the following:

“California Low-Cost Auto Insurance: A program offering affordable automobile insurance is available. Visit (insert Internet Web site address provided by the Department of Insurance) or call toll free (insert toll-free telephone number for the California Automobile Assigned Risk Plan or its successor as provided by the Department of Insurance). Qualified applicants must be 19 years of age or older, have a driver’s license for the past three years, and meet income eligibility requirements (insert income example provided by Department of Insurance).”

(c) (1) Notwithstanding any other provision of this code, before a registration is reinstated after suspension, cancellation, or revocation, there shall be paid to the department, in addition to any other fees required by this code, a fee sufficient to pay the cost of the reissuance as determined by the department.

(2) Commencing on January 1, 2011, the reissuance fee imposed by paragraph (1) shall not apply to a member of the California National Guard or the United States Armed Forces who was on active duty, serving outside of this state in a military conflict during a time of war, as defined in Section 18 of the Military and Veterans Code, at the time of the suspension, cancellation, or revocation of his or her vehicle registration. The person shall submit a copy of his or her official military orders upon requesting the registration reinstatement.